



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

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OLYMPIA, September 16, 2004 --- The September economic forecast is very similar to the June forecast. As in June, the forecast expects a sustained but moderate recovery in employment. While revenue collections since the last forecast exceeded our expectations, the discrepancy was due entirely to the real estate excise tax which reflects a real estate market that continues to sizzle. Revenue Act revenue, which includes the sales, use, and business and occupations taxes, has been somewhat weaker than expected, however.

The change in the General Fund-State revenue forecast for the combined 2003-05 and 2005-07 biennia is an increase of \$132.0 million. Of this, \$116.7 million is due to the real estate excise tax. The revenue forecast for the current biennium is \$23,102.7 million and the forecast for the next biennium is \$24,776.0 million.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2003-05 biennium. The forecast based on more optimistic economic assumptions netted \$227 million (1.0 percent) more revenue than did the baseline while the pessimistic alternative was \$214 million (0.9 percent) lower. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$65 million (0.3 percent) more revenue than did the baseline forecast.